

NEW APPLICATION

ORIGINAL

BEFORE THE ARIZONA CORPORATION
RECEIVED



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COMMISSIONERS

KRISTIN K. MAYES, Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

2009 APR 17 P 3: 59

AZ CORP COMMISSION
DOCKET CONTROL

W-20446A-09-0184

IN THE MATTER OF THE APPLICATION OF
GLOBAL WATER – SANTA CRUZ WATER
COMPANY, FOR FINANCING APPROVAL IN
CONNECTION WITH THE AMERICAN
RECOVERY AND REINVESTMENT ACT OF
2009.

DOCKET NO.: W-20446A-09-

Arizona Corporation Commission

APPLICATION DOCKETED

APR 17 2009

DOCKETED BY

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I. Introduction.

1. Global Water – Santa Cruz Water Company (“Santa Cruz”) submits this application for authority under A.R.S. § 40-301 et seq. to borrow \$3,700,000 from the Water Infrastructure Authority of Arizona (“WIFA”) in conjunction with the American Recovery and Reinvestment Act of 2009 (“ARRA”), P.L. No. 111-5, 123 Stat. 115 (Feb. 17, 2009).

2. The purpose of Congress, in enacting the ARRA, was to “preserve and create jobs and promote economic recovery”, to “assist those most impacted by the recession” and to “invest in... environmental protection, and other infrastructure that will provide long-term economic benefits.” ARRA § 3.

3. As the Commission is aware, Arizona has been deeply impacted by the extraordinary financial and economic situation. Thus, it is critical to move quickly to obtain stimulus funds and to put those funds to work creating jobs and stimulating the economy. The Commission has taken a leading role in promoting access to stimulus funds by public service corporations, and in creating an accelerated process to review and approve ARRA-related financing applications.

4. If the financing is approved, Santa Cruz will use the funds for two projects. The first project is a 500 kW solar energy project. During operation, the power produced by this

1 project will completely supplant the power required to operate the Global Water Center and at the
2 same time supply supplemental power to a 3.0 million gallon per day water reclamation facility.
3 Both these facilities currently obtain power from the electrical grid. The project will provide clean,
4 renewable photo-voltaic solar-based electricity directly to these facilities. The solar project is
5 designed and ready for construction. The benefits of using renewable power for such projects is
6 described in "The Energy and Water Efficiency Benefits of Distributed Recycled Water Production
7 Facilities" which was provided to the Commission as Attachment GSS-1 to the Direct Testimony
8 of Graham Symmonds in Docket No. SW-20445A-09-0077.

9 5. The second project is additional SCADA equipment for Santa Cruz's facilities.
10 SCADA systems allow utilities to maximize efficiency and minimize outages by providing a
11 centralized Operations Control room from which operators may directly control remote equipment,
12 and have instantaneous access to current and historic data for trend monitoring and performance
13 assessment. By allowing equipment to be operated more efficiently, SCADA systems can reduce
14 power usage, consumable usage, labor requirements and travel requirements, thus benefiting the
15 environment. In other words, SCADA systems can be considered a "demand side management" or
16 "DSM" tool as well as a resource conservation tool. In addition, allowing operators to obtain
17 information and control equipment remotely reduces the need for operators to constantly drive
18 from facility to facility, thus reducing carbon emissions and fuel usage. Further information about
19 the benefits of SCADA projects can be found in at pages 19-21 of the Direct Testimony of Graham
20 Symmonds in Docket No. SW-20445A-09-0077.

21 6. The solar project is anticipated to create 29 jobs for 12 months, while the SCADA
22 project is anticipated to create 12 jobs for 15 months.

23 **II. Information about Santa Cruz.**

24 7. Santa Cruz is an Arizona public service corporation authorized to provide service
25 within portions of Pinal County, Arizona. Santa Cruz received its CC&N from the Commission in
26 Decision No. 61943 (September 17, 1999); Decision No. 66394 (October 6, 2003); Decision No.
27 67240 (September 23, 2004); Decision No. 67830 (May 5, 2005); Decision No. 68448 (February 2,

2006); Decision No. 69920 (Sept. 27, 2007); Decision No. 70381 (June 13, 2008); and Decision No. 70533 (Sept. 30, 2008).

8. Santa Cruz provided service to 16,778 customers as of March 31, 2009.

9. Santa Cruz's management contact is:

Mr. Graham Symmonds
Senior Vice President
Global Water Management
21410 North 19th Avenue, Suite 201
Phoenix, Arizona 85027

10. Santa Cruz's attorneys are:

Roshka DeWulf & Patten, PLC
One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004
(602) 256-6100

All data requests or other requests for information should be directed to:

Michael W. Patten
Timothy J. Sabo
Roshka DeWulf & Patten, PLC
One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004

With a copy to:

Mr. Graham Symmonds
Senior Vice President
Global Water Management
21410 North 19th Avenue, Suite 201
Phoenix, Arizona 85027

11. A certificate of good standing for Santa Cruz is attached as Exhibit 1.

12. Santa Cruz's customers receive water service subject under the rates and charges for utility service approved by the Commission in Decision No. 61943 (September 17, 1999).

13. Santa Cruz currently has a general rate case pending as Docket No. W-20446A-09-0080.

14. Santa Cruz is currently in compliance with all requirements of the Commission, ADEQ and ADWR.

III. Proposed financing.

15. The proposed loan amount is \$3,700,000. The proposed interest rate is 2.000%. The lender is WIFA.

16. The proposed financing is currently Project No. 31 on the WIFA Drinking Water Project ARRA Priority List. A copy of the priority list is attached as Exhibit 2. The Solar Project is WIFA Project No. DW 170-2009, while the SCADA Project is WIFA Project No. DW 172-2009.

17. The loan term is anticipated to be 20 years.

IV. Santa Cruz's Financial Capacity.

18. Santa Cruz's unaudited financial statements for the year ending December 31, 2008 are attached as Exhibit 3.

19. Attached as Exhibit 4 is a calculation of Santa Cruz's projected TIER and DSC if the proposed financing is approved. The TIER is projected to be 43.81 and the DSC is projected to be 31.22. Exhibit 4 also shows the projected TIER and DSC if Santa Cruz's general rate application is approved. In that case, the TIER is projected to be 86.197, while the DSC is projected to be 46.10. The proposed loan will be financially sound, especially when the Applicant's pending general rate case is considered.

V. Statutory standards

20. Under A.R.S. § 40-301.C, the Commission may approve a financing application if it finds that the financing is:

- For lawful purposes which are within the corporate powers of the applicant;
- Compatible with the public interest;
- Compatible with sound financial practices;
- Compatible and with the proper performance by the applicant of service as a public service corporation; and

- That the financing "will not impair its ability to perform" its public service.

21. The proposed financing satisfies these statutory standards. Santa Cruz is an Arizona business corporation, and thus has the power to enter into loans under A.R.S. § 10-302. The financing is in the public interest because it will provide environmental and economic benefits, as described above. The financing is compatible with sound financial practices due to the low interest rate and the projected DSC and TIER considering the proposed rate increase. The projects will increase Santa Cruz's efficiency and capability, and it is therefore compatible with, and will not impair, Santa Cruz's duties as a public service corporation.

22. Under A.R.S. § 40-302.A, except as permitted by the Commission, the purposes of the loan should not be, wholly or in part, reasonably chargeable to operative expenses or to income. Santa Cruz states that the purposes of the loan will not be, wholly or in part, reasonably chargeable to operative expenses or to income.

VI. Notice.

23. Notice consistent with that approved by Staff in recent cases will be published in a newspaper in circulation in Santa Cruz's service area.

24. Proof of publication will be provided when available.

WHEREFORE, Santa Cruz requests that the Commission issue an Order:

1. Approving this Application;
2. Authorizing Santa Cruz to have at any one time outstanding in 2009 or thereafter, long-term indebtedness (including current maturities thereof) in an aggregate principal amount of \$3,700,000;
3. Permitting through such authorization any redemptions, refinancings, refundings, renewals, reissuances and rollovers of any such outstanding indebtedness, as well as the incurrence or issuance of any additional long-term indebtedness, and the amendment or revision of any terms or provisions of or relating to any long-term indebtedness, so long as total long-term indebtedness at any one time outstanding does not exceed the levels set forth in 2. above;

ROSHKA DEWULF & PATTEN, PLC.
400 VAN BUREN STREET - SUITE 800
PHOENIX, ARIZONA 85004
TELEPHONE NO 602-256-6100
FACSIMILE 602-256-6800

1 or provisions of or relating to any long-term indebtedness, so long as total long-term indebtedness
2 at any one time outstanding does not exceed the levels set forth in 2. above;

3 4. Authorizing the execution, delivery and performance by Santa Cruz of all contracts,
4 agreements, and other instruments which are incidental to any or all of the foregoing or otherwise
5 deemed by Santa Cruz to be necessary, desirable or appropriate in connection therewith;

6 5. Ordering that the Order be deemed effective upon issuance; and

7 6. Granting any other relief that the Commission determines to be appropriate and in
8 the public interest at this time.

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11 RESPECTFULLY SUBMITTED this _____ day of April 2009

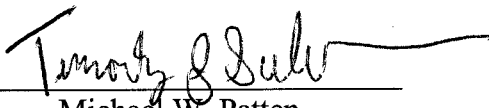
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ROSHKA, DEWULF & PATTEN

14

15

By 

16

Michael W. Patten

17

Timothy J. Sabo

18

One Arizona Center

19

400 East Van Buren Street, Suite 800

20

Phoenix, AZ 85004

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24 Original and 13 copies of the foregoing
filed this _____ day of April 2009 with:

25

Docket Control

26

ARIZONA CORPORATION COMMISSION

27

1200 West Washington Street

Phoenix, AZ 85007

ROSHKA DEWULF & PATTEN, P.L.C.
400 VAN BUREN STREET - SUITE 800
PHOENIX, ARIZONA 85004
TELEPHONE NO 602-256-6100
FACSIMILE 602-256-6800

1 Copy of the foregoing hand-delivered/mailed
2 this _____ day of April 2009 to:
3 Lyn Farmer, Esq.
4 Chief Administrative Law Judge
5 Hearing Division
6 ARIZONA CORPORATION COMMISSION
7 1200 West Washington Street
8 Phoenix, AZ 85007

7 Janice Alward, Esq.
8 Chief Counsel, Legal Division
9 ARIZONA CORPORATION COMMISSION
10 1200 West Washington Street
11 Phoenix, AZ 85007

10 Ernest G. Johnson, Esq.
11 Director, Utilities Division
12 ARIZONA CORPORATION COMMISSION
13 1200 West Washington Street
14 Phoenix, AZ 85007

15 By _____
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EXHIBIT

"1"

STATE OF ARIZONA



Office of the
CORPORATION COMMISSION
CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

*I, Michael P. Kearns, Interim Executive Director of the Arizona Corporation Commission,
do hereby certify that*

*****GLOBAL WATER - SANTA CRUZ WATER COMPANY*****

*a domestic corporation organized under the laws of the State of Arizona, did incorporate on
December 7, 2005.*

*I further certify that according to the records of the Arizona Corporation Commission, as
of the date set forth hereunder, the said corporation is not administratively dissolved for
failure to comply with the provisions of the Arizona Business Corporation Act; and that its
most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123,
10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and
that the said corporation has not filed Articles of Dissolution as of the date of this certificate.*

*This certificate relates only to the legal existence of the above named entity as of the date
issued. This certificate is not to be construed as an endorsement, recommendation, or
notice of approval of the entity's condition or business activities and practices.*

**IN WITNESS WHEREOF, I have hereunto set my hand and affixed
the official seal of the Arizona Corporation Commission. Done at
Phoenix, the Capital, this 17th Day of April, 2009, A. D.**




Interim Executive Director

Order Number: 336524

EXHIBIT

"2"

**Water Infrastructure Finance Authority
American Reinvestment and Recovery Act of 2009 (ARRA)**

Drinking Water Project Loans Subsidized Under ARRA
Prepared Date: 4/17/2009

Note: The projects in the list below will be required to submit a Project Finance Application and will be subject to a full loan analysis which includes verification of legal, managerial, financial and technical capacity. A loan will not be approved if the applicant is unable to meet all loan and ARRA requirements and is unable to meet the construction commencement date provided in the application. As a result of this analysis information and projects on this list may change.

1. Project Priority List - Projects within the ARRA capitalization grant amount: \$55,340,000.00 * Anticipated twenty (20) year loan term.												
Community Name	Project Description	Construction		Est. Jobs	Requested Amount	Type of Financial Assistance	ARRA Funded	WIFA Funded	Adjusted Loan Amount	Combined Interest and Fee Rate (Standard or Reduced)	Green Project	Comments
		Commencement	Completion									
1. SoHi Domestic Water Improvement District	Supplemental Water source Interconnect Construction	6/15/2009	6 Months	12	\$800,000.00	Loan/Principal Forgiveness	\$560,000.00	\$240,000.00	\$240,000.00	Standard	No	Under Review
2. Holiday Hills DWID	Holiday Hills Improvement Project	6/15/2009	12 Months	40	\$200,000.00	Loan/Principal Forgiveness	\$140,000.00	\$60,000.00	\$60,000.00	Standard	Yes	Under Review
3. Maricopa Domestic Water Improvement District	Well No.5 Arsenic Treatment System	1/18/2009	12 Months	5	\$928,430.00	Loan/Principal Forgiveness	\$649,901.00	\$278,529.00	\$278,529.00	Standard	No	Under Review
4. Mt. Tipton Water Co. Inc.	Well, Pump and Spring Project	1/28/2009	12 Months	2	\$140,000.00	Loan/Principal Forgiveness	\$126,000.00	\$14,000.00	\$14,000.00	Standard	Yes	Under Review
5. Highland Pines Domestic Water Improvement District	Water Main Replacement Project	6/1/2009		50	\$650,000.00	Loan/Principal Forgiveness	\$520,000.00	\$130,000.00	\$130,000.00	Standard	Yes	Under Review
6. Pineview Water Company	Gravity Flow System Project	7/1/2003	6 Months	5	\$141,988.18	Loan/Principal Forgiveness	\$113,590.54	\$28,398.18	\$28,398.18	Standard	Yes	Under Review
7. Groom Creek Water Users Association	GCWUA Water System Improvements	5/30/2009	24 Months	25	\$1,600,000.00	Loan/Principal Forgiveness	\$800,000.00	\$800,000.00	\$800,000.00	Standard	Yes	Under Review
8. Arizona American Water	Tubac Arsenic Removal	6/15/2009	12 Months	15	\$2,300,000.00	Loan/Principal Forgiveness	\$1,150,000.00	\$1,150,000.00	\$1,150,000.00	Standard	Yes	Under Review
9. Taylor, Town of	Security Fencing of Sweetwater & Hole In The Hill Well	6/15/2009	12 Months	5	\$110,000.00	Loan/Principal Forgiveness	\$44,000.00	\$66,000.00	\$66,000.00	Standard	No	Under Review
10. Rim Trail Domestic Water Improvement District	Rim Trail Surface Water Filtration Plant Replacement and Water Plan	4/17/2009	12 Months	12	\$145,000.00	Loan/Principal Forgiveness	\$116,000.00	\$29,000.00	\$29,000.00	Standard	Yes	Under Review
11. El Mirage, City of	Cottonwood Water Line Replacement	5/24/2009	12 Months	8	\$350,000.00	Loan/Principal Forgiveness	\$210,000.00	\$140,000.00	\$140,000.00	Standard	Yes	Under Review
12. Willow Valley Water Company	Meter Replacement Program	5/1/2009	6 Months	2	\$350,000.00	Loan/Principal Forgiveness	\$140,000.00	\$210,000.00	\$210,000.00	Standard	Yes	Under Review
13. Payson, Town of	Payson Cagin Surface Water Project Phase I	3/1/2009	36 Months	100	\$10,585,000.00	Loan/Principal Forgiveness	\$4,000,000.00	\$6,585,000.00	\$6,585,000.00	Standard	Yes	Under Review

Community Name	Project Description	Construction	Est. Jobs	Requested Amount	Type of Financial Assistance	ARRA Funded	WIFIA Funded	Adjusted Loan Amount	Combined Interest and Fee Rate (Standard or Reduced)	Green Project	Comments	
14. Flagstaff, City of	Stimulus - Siagaga Well Connection & Well Building Expansion	6/15/2009	6 Months	30	\$775,000.00	Loan/Principal Forgiveness	\$542,500.00	\$232,500.00	\$232,500.00	Standard	Yes \$542,500.00	Under Review
15. Eloy, City of	Eloy's North Toilee Water Distribution Improvements	6/12/2009		30	\$4,000,000.00	Loan/Principal Forgiveness	\$2,800,000.00	\$1,200,000.00	\$1,200,000.00	Standard	No	Under Review
16. Prescott, City of	Zone 39 Water Mains, Pump Station & Water Tank	4/6/2009	36 Months	200	\$8,998,096.00	Loan/Principal Forgiveness	\$4,000,000.00	\$4,998,096.00	\$4,998,096.00	Standard	Yes \$4,000,000.00	Under Review
17. Prescott, City of	Airport Zone North and South Loops Water Mains	5/15/2009	12 Months	75	\$3,591,880.00	Loan/Principal Forgiveness	\$2,155,128.00	\$1,436,752.00	\$1,436,752.00	Standard	Yes \$2,155,128.00	Under Review
18. Valencia Water Company	Evergreen 2 Well Site Construction	9/1/2008	12 Months	3	\$4,200,000.00	Loan/Principal Forgiveness	\$1,680,000.00	\$2,520,000.00	\$2,520,000.00	Standard	Yes \$1,680,000.00	Under Review
19. Pine Creek Canyon Domestic Water Improvement District	PCCDWID Water Supply Augmentation and Emergency Power	4/17/2009	24 Months	25	\$625,000.00	Loan/Principal Forgiveness	\$312,500.00	\$312,500.00	\$312,500.00	Standard	Yes \$312,500.00	Under Review
20. Tempe Water Utilities Department, City of	Western Canal Water Line	5/1/2009	12 Months	88	\$4,400,000.00	Loan/Principal Forgiveness	\$2,200,000.00	\$2,200,000.00	\$2,200,000.00	Standard	Yes \$2,200,000.00	Under Review
21. Mesa, City of	Redrill Old Downtown Well	6/15/2009	6 Months	20	\$1,000,000.00	Loan/Principal Forgiveness	\$500,000.00	\$500,000.00	\$500,000.00	Standard	Yes \$500,000.00	Under Review
22. Phoenix, City of	Citywide Automatic Meter Reading Installation	6/1/2009	12 Months	10	\$8,000,000.00	Loan/Principal Forgiveness	\$3,200,000.00	\$4,800,000.00	\$4,800,000.00	Standard	Yes \$3,200,000.00	Under Review
23. Sahuarita Water Company, LLC	SWC Arsenic Treatment Plant	5/4/2009	6 Months	20	\$4,700,000.00	Loan/Principal Forgiveness	\$1,880,000.00	\$2,820,000.00	\$2,820,000.00	Standard	No	Under Review
24. Water Utility of Greater Tonopah	Full SCADA Deployment and Re-Instrumentation	6/1/2009		8	\$1,500,000.00	Loan/Reduced CIFR	\$1,200,000.00	\$300,000.00		2.000%	Yes \$1,200,000.00	Under Review
25. Peoria, City of	24-inch waterlines- Beardsley Road & 91st Avenue	4/30/2009	12 Months	34	\$8,484,203.00	Loan/Reduced CIFR	\$6,787,362.40	\$1,696,840.60		2.000%	No	Under Review
26. El Mirage, City of	Dysart at Thunderbird Water Line Extension	5/24/2009	12 Months	8	\$498,000.00	Loan/Reduced CIFR	\$398,400.00	\$99,600.00		1.500%	Yes \$398,400.00	Under Review
27. Prescott Valley, Town of	Water System Improvements 2.0 Million Gallon Water Storage Tank-Stoneridge	5/1/2009	6 Months	20	\$2,500,000.00	Loan/Reduced CIFR	\$2,000,000.00	\$500,000.00		1.500%	No	Under Review
28. Mesa, City of	Replacement of Aging Water Lines in Downtown Mesa	6/1/2009		35	\$1,430,000.00	Loan/Reduced CIFR	\$1,144,000.00	\$286,000.00		2.000%	Yes \$1,144,000.00	Under Review
29. Tempe Water Utilities Department, City of	J.G. Martinez Water Treatment Plant Upgrades - Gravity Plate Settlers / Gravity Thickeners	4/1/2009	12 Months	262	\$15,090,000.00	Loan/Reduced CIFR	\$12,072,000.00	\$3,018,000.00		2.000%	Yes \$12,072,000.00	Under Review
30. Holbrook, City of	Rehabilitation of 3 water storage tanks	3/1/2009	12 Months	6	\$700,000.00	Loan/Reduced CIFR	\$560,000.00	\$140,000.00		1.500%	No	Under Review
31. Santa Cruz Water Company	Solar	5/15/2009	12 Months	4	\$3,500,000.00	Loan/Reduced CIFR	\$2,800,000.00	\$700,000.00		2.000%	Yes \$2,800,000.00	Under Review
32. Phoenix, City of	Water Main Replacement Hope VI Project Area	3/30/2009	12 Months	17	\$2,000,000.00	Loan/Reduced CIFR	\$1,600,000.00	\$400,000.00		2.000%	Yes \$1,600,000.00	Under Review
TOTALS					\$94,292,597.18		\$56,401,381.94	\$37,891,215.00	\$30,750,775.00		\$40,040,118.00	

EXHIBIT

"3"

Global Water - Santa Cruz Water Company
Balance Sheet
Year Ending December 31, 2008

	Current Year Ended 12/31/2008	Prior Year Ended 12/31/2007
Assets		
131 Cash and cash equivalents	\$ 1,050	\$ 1,050
132 Special Deposits	117	
141 Customer Accounts Receivable	677,898	970,176
142 Other Accounts Receivable	2,313	975
143 Accumulated Provision for Uncollectible Accounts	(117,872)	(89,825)
151 Plant Material and Supplies	4,641	
162 Prepayments	9,408	36,057
173 Accrued utility revenue	144,535	235,601
Total Current Assets	\$ 722,090	\$ 1,154,034
101 Total Utility Plant in Service	\$ 87,753,402	\$ 74,714,947
105 Construction work-in-progress	25,505,527	21,477,850
108 Less: Accumulated Depreciation	(8,092,185)	(4,660,497)
Total Fixed Assets (Net)	\$ 105,166,744	\$ 91,532,300
Deferred Debits		
190 Accumulated Deferred Income Taxes	\$ 506,238	\$ 292,499
Total other assets	\$ 506,238	\$ 292,499
Total Assets	\$ 106,395,072	\$ 92,978,833
Liabilities and Stockholders' Equity		
231 Accounts payable	\$ 1,518,561	\$ 2,008,524
233 Accounts Payable to Associated Companies		
235 Customer Deposits	1,136,087	1,030,293
236 Accrued Taxes	1,074,001	92,018
237 Accrued Interest	65,988	45,257
241 Miscellaneous Current and Accrued Liabilities	193,328	1,989,896
253 Other Deferred Credits	371,940	568,106
Total Current Liabilities	\$ 4,359,905	\$ 5,734,094
252 Advances for Construction	\$ 33,770,450	\$ 23,433,063
Total Deferred Credits and Other Liabilities	\$ 33,770,450	\$ 23,433,063
Total Liabilities and Deferred Credits	\$ 38,130,355	\$ 29,167,157
201 Common Stock Issued	\$ 10	\$ 10
211 Other Paid-In Capital	55,532,954	53,275,050
215 Unappropriated Retained Earnings	12,731,753	10,536,616
Total Members' Equity	\$ 68,264,717	\$ 63,811,676
Total Liabilities and Stockholders' Equity	\$ 106,395,072	\$ 92,978,833

Global Water - Santa Cruz Water Company
Income Statement
Year Ending December 31, 2008

	Current Year Ended 12/31/2008	Prior Year Ended 12/31/2007
Operating Revenues		
461 Metered Water Revenue	\$ 7,535,725	\$ 7,092,052
465 Sales to Irrigation Customers	1,406,031	1,182,045
471 Miscellaneous Service Revenues	491,891	732,091
472 Rents from Water Property	19,793	4,600
474 Other Water Revenues	-	-
Total Operating Revenues	\$ 9,453,440	\$ 9,010,788
Operating Expenses		
601 Salary and Wages - Employees	\$ 857,540	\$ -
604 Employee Pensions and Benefits	205,327	-
610 Purchased Water	-	31,300
615 Purchased Power	507,556	471,731
616 Fuel for Power Production	3,505	-
618 Chemicals	41,783	37,565
620 Materials and Supplies	19,360	72,659
620.08 Materials and Supplies	296,557	-
634 Contractual Services - Management Fees	-	1,508,778
635 Contractual Services - Testing	36,113	23,884
636 Contractual Services - Other	67,741	26,744
641 Rental of Building/Real Property	94,369	-
642 Rental of Equipment	7,803	6,039
650 Transportation Expenses	43,326	-
657 Insurance - General Liability	53,083	-
659 Insurance - Other	4,505	-
660 Advertising Expense	1,825	-
667 Rate Case Expense	-	-
670 Bad Debt Expense	66,450	136,887
675 Miscellaneous Expenses	34,089	18,899
403 Depreciation Expense	3,431,687	2,380,818
408.10 Taxes Other Than Income - Util Reg Assess Fee	69,007	11,324
408.11 Taxes Other Than Income - Property Taxes	423,523	253,979
408.13 Taxes Other Than Income - Other Taxes and Licenses	6,823	3,388
409 Income Taxes	924,207	1,539,005
Total Operating Expenses	\$ 7,196,179	\$ 6,523,000
Operating Income / (Loss)	\$ 2,257,261	\$ 2,487,788
OTHER INCOME / (EXPENSE)		
414 Gains (Losses) from Disposition of Utility Property	\$ -	\$ 4,126
419 Interest and Dividend Income	-	238
427 Interest Expense	(62,121)	(44,096)
Total Other Income / (Expense)	\$ (62,121)	\$ (39,732)
NET INCOME / (LOSS)	\$ 2,195,140	\$ 2,448,056

Global Water - Santa Cruz Water Company
Income Statement - Proposed Rates
Year Ending December 31, 2008

	With Proposed Increase
Revenues	
Metered Water Sales	\$ 11,439,861
Water Sales - Unmetered	-
Other Operating Revenue	752,151
Total Operating Revenues	<u>\$ 12,192,011</u>
Operating Expenses	
601 Salary and Wages - Employees	\$ 781,051
604 Employee Pensions and Benefits	189,983
610 Purchased Water	-
615 Purchased Power	554,398
616 Fuel for Power Production	3,505
618 Chemicals	40,455
620 Materials and Supplies	18,969
620.08 Materials and Supplies	297,033
635 Contractual Services - Testing	36,113
636 Contractual Services - Other	67,911
641 Rental of Building/Real Property	94,369
642 Rental of Equipment	7,803
650 Transportation Expenses	45,296
657 Insurance - General Liability	53,083
659 Insurance - Other	4,647
660 Advertising Expense	-
667 Rate Case Expense	53,333
670 Bad Debt Expense	121,920
675 Miscellaneous Expenses	34,629
403 Depreciation Expense	3,506,485
408 Taxes Other Than Income	15,929
408.11 Taxes Other Than Income - Property Taxes	-
408.13 Taxes Other Than Income - Other Taxes and Licenses	6,823
409 Income Taxes	2,415,625
Total Operating Expenses	<u>\$ 8,349,359</u>
Utility Operating Income (Loss)	\$ 3,842,652
414 Gains (Losses) from Disp of Util Prop	\$ -
419 Interest and Dividend Income	-
427 Interest Expense	(62,121)
Total Other Income and Deductions	<u>\$ (62,121)</u>
Net Income (Loss)	<u><u>\$ 3,780,531</u></u>

EXHIBIT

"4"

Global Water - Santa Cruz Water Company

Debt Ratios

Year Ending December 31, 2008

	12/31/2008	Pro Forma	Pro Forma With Proposed Rate Increase
1 Operating Income	\$ 2,257,261	\$ 2,257,261	\$ 3,842,652
2 Depreciation & Amortization	\$ 3,431,687	\$ 3,431,687	\$ 3,506,485
3 Income Tax Expense	\$ 924,207	\$ 924,207	\$ 2,415,625
4 Interest Expense	\$ -	\$ 72,612	\$ 72,612
5 Repayment of Principal	\$ -	\$ 139,217	\$ 139,217
TIER [1 + 3] / [4]	N/A	43.81	86.19
DSC [1 + 2 + 3] / [4 + 5]	N/A	31.22	46.10

Global Water - Santa Cruz Water Company
Estimated Debt Payment Schedule

Principle \$ 3,700,000
Interest 2.00%
Period 20

Period	Principal	Interest	Principal	Total Payment	
1	\$ 3,700,000.00	\$ 6,166.67	\$ 12,551.02	\$ 18,717.68	\$ 3,687,448.98
2	3,687,448.98	6,145.75	12,571.94	18,717.68	3,674,877.05
3	3,674,877.05	6,124.80	12,592.89	18,717.68	3,662,284.16
4	3,662,284.16	6,103.81	12,613.88	18,717.68	3,649,670.28
5	3,649,670.28	6,082.78	12,634.90	18,717.68	3,637,035.38
6	3,637,035.38	6,061.73	12,655.96	18,717.68	3,624,379.43
7	3,624,379.43	6,040.63	12,677.05	18,717.68	3,611,702.38
8	3,611,702.38	6,019.50	12,698.18	18,717.68	3,599,004.20
9	3,599,004.20	5,998.34	12,719.34	18,717.68	3,586,284.85
10	3,586,284.85	5,977.14	12,740.54	18,717.68	3,573,544.31
11	3,573,544.31	5,955.91	12,761.78	18,717.68	3,560,782.53
12	3,560,782.53	5,934.64	12,783.05	18,717.68	3,547,999.49
13	3,547,999.49	5,913.33	12,804.35	18,717.68	3,535,195.14
14	3,535,195.14	5,891.99	12,825.69	18,717.68	3,522,369.45
15	3,522,369.45	5,870.62	12,847.07	18,717.68	3,509,522.38
16	3,509,522.38	5,849.20	12,868.48	18,717.68	3,496,653.90
17	3,496,653.90	5,827.76	12,889.93	18,717.68	3,483,763.97
18	3,483,763.97	5,806.27	12,911.41	18,717.68	3,470,852.56
19	3,470,852.56	5,784.75	12,932.93	18,717.68	3,457,919.63
20	3,457,919.63	5,763.20	12,954.48	18,717.68	3,444,965.15
21	3,444,965.15	5,741.61	12,976.07	18,717.68	3,431,989.07
22	3,431,989.07	5,719.98	12,997.70	18,717.68	3,418,991.37
23	3,418,991.37	5,698.32	13,019.36	18,717.68	3,405,972.01
24	3,405,972.01	5,676.62	13,041.06	18,717.68	3,392,930.94
25	3,392,930.94	5,654.88	13,062.80	18,717.68	3,379,868.15
26	3,379,868.15	5,633.11	13,084.57	18,717.68	3,366,783.58
27	3,366,783.58	5,611.31	13,106.38	18,717.68	3,353,677.20
28	3,353,677.20	5,589.46	13,128.22	18,717.68	3,340,548.98
29	3,340,548.98	5,567.58	13,150.10	18,717.68	3,327,398.88
30	3,327,398.88	5,545.66	13,172.02	18,717.68	3,314,226.86
31	3,314,226.86	5,523.71	13,193.97	18,717.68	3,301,032.89
32	3,301,032.89	5,501.72	13,215.96	18,717.68	3,287,816.92
33	3,287,816.92	5,479.69	13,237.99	18,717.68	3,274,578.93
34	3,274,578.93	5,457.63	13,260.05	18,717.68	3,261,318.88
35	3,261,318.88	5,435.53	13,282.15	18,717.68	3,248,036.73
36	3,248,036.73	5,413.39	13,304.29	18,717.68	3,234,732.44
37	3,234,732.44	5,391.22	13,326.46	18,717.68	3,221,405.98
38	3,221,405.98	5,369.01	13,348.67	18,717.68	3,208,057.31
39	3,208,057.31	5,346.76	13,370.92	18,717.68	3,194,686.38
40	3,194,686.38	5,324.48	13,393.21	18,717.68	3,181,293.18
41	3,181,293.18	5,302.16	13,415.53	18,717.68	3,167,877.65
42	3,167,877.65	5,279.80	13,437.89	18,717.68	3,154,439.76
43	3,154,439.76	5,257.40	13,460.28	18,717.68	3,140,979.48

44	3,140,979.48	5,234.97	13,482.72	18,717.68	3,127,496.76
45	3,127,496.76	5,212.49	13,505.19	18,717.68	3,113,991.57
46	3,113,991.57	5,189.99	13,527.70	18,717.68	3,100,463.88
47	3,100,463.88	5,167.44	13,550.24	18,717.68	3,086,913.63
48	3,086,913.63	5,144.86	13,572.83	18,717.68	3,073,340.80
49	3,073,340.80	5,122.23	13,595.45	18,717.68	3,059,745.36
50	3,059,745.36	5,099.58	13,618.11	18,717.68	3,046,127.25
51	3,046,127.25	5,076.88	13,640.80	18,717.68	3,032,486.44
52	3,032,486.44	5,054.14	13,663.54	18,717.68	3,018,822.90
53	3,018,822.90	5,031.37	13,686.31	18,717.68	3,005,136.59
54	3,005,136.59	5,008.56	13,709.12	18,717.68	2,991,427.47
55	2,991,427.47	4,985.71	13,731.97	18,717.68	2,977,695.50
56	2,977,695.50	4,962.83	13,754.86	18,717.68	2,963,940.64
57	2,963,940.64	4,939.90	13,777.78	18,717.68	2,950,162.86
58	2,950,162.86	4,916.94	13,800.75	18,717.68	2,936,362.11
59	2,936,362.11	4,893.94	13,823.75	18,717.68	2,922,538.37
60	2,922,538.37	4,870.90	13,846.79	18,717.68	2,908,691.58
61	2,908,691.58	4,847.82	13,869.86	18,717.68	2,894,821.72
62	2,894,821.72	4,824.70	13,892.98	18,717.68	2,880,928.74
63	2,880,928.74	4,801.55	13,916.14	18,717.68	2,867,012.60
64	2,867,012.60	4,778.35	13,939.33	18,717.68	2,853,073.27
65	2,853,073.27	4,755.12	13,962.56	18,717.68	2,839,110.71
66	2,839,110.71	4,731.85	13,985.83	18,717.68	2,825,124.88
67	2,825,124.88	4,708.54	14,009.14	18,717.68	2,811,115.74
68	2,811,115.74	4,685.19	14,032.49	18,717.68	2,797,083.25
69	2,797,083.25	4,661.81	14,055.88	18,717.68	2,783,027.37
70	2,783,027.37	4,638.38	14,079.30	18,717.68	2,768,948.06
71	2,768,948.06	4,614.91	14,102.77	18,717.68	2,754,845.29
72	2,754,845.29	4,591.41	14,126.27	18,717.68	2,740,719.02
73	2,740,719.02	4,567.87	14,149.82	18,717.68	2,726,569.20
74	2,726,569.20	4,544.28	14,173.40	18,717.68	2,712,395.80
75	2,712,395.80	4,520.66	14,197.02	18,717.68	2,698,198.78
76	2,698,198.78	4,497.00	14,220.69	18,717.68	2,683,978.09
77	2,683,978.09	4,473.30	14,244.39	18,717.68	2,669,733.70
78	2,669,733.70	4,449.56	14,268.13	18,717.68	2,655,465.58
79	2,655,465.58	4,425.78	14,291.91	18,717.68	2,641,173.67
80	2,641,173.67	4,401.96	14,315.73	18,717.68	2,626,857.94
81	2,626,857.94	4,378.10	14,339.59	18,717.68	2,612,518.35
82	2,612,518.35	4,354.20	14,363.49	18,717.68	2,598,154.87
83	2,598,154.87	4,330.26	14,387.43	18,717.68	2,583,767.44
84	2,583,767.44	4,306.28	14,411.40	18,717.68	2,569,356.04
85	2,569,356.04	4,282.26	14,435.42	18,717.68	2,554,920.62
86	2,554,920.62	4,258.20	14,459.48	18,717.68	2,540,461.13
87	2,540,461.13	4,234.10	14,483.58	18,717.68	2,525,977.55
88	2,525,977.55	4,209.96	14,507.72	18,717.68	2,511,469.83
89	2,511,469.83	4,185.78	14,531.90	18,717.68	2,496,937.93
90	2,496,937.93	4,161.56	14,556.12	18,717.68	2,482,381.81
91	2,482,381.81	4,137.30	14,580.38	18,717.68	2,467,801.43
92	2,467,801.43	4,113.00	14,604.68	18,717.68	2,453,196.75
93	2,453,196.75	4,088.66	14,629.02	18,717.68	2,438,567.73
94	2,438,567.73	4,064.28	14,653.40	18,717.68	2,423,914.32
95	2,423,914.32	4,039.86	14,677.83	18,717.68	2,409,236.50
96	2,409,236.50	4,015.39	14,702.29	18,717.68	2,394,534.21
97	2,394,534.21	3,990.89	14,726.79	18,717.68	2,379,807.41
98	2,379,807.41	3,966.35	14,751.34	18,717.68	2,365,056.08

99	2,365,056.08	3,941.76	14,775.92	18,717.68	2,350,280.15
100	2,350,280.15	3,917.13	14,800.55	18,717.68	2,335,479.60
101	2,335,479.60	3,892.47	14,825.22	18,717.68	2,320,654.39
102	2,320,654.39	3,867.76	14,849.93	18,717.68	2,305,804.46
103	2,305,804.46	3,843.01	14,874.68	18,717.68	2,290,929.78
104	2,290,929.78	3,818.22	14,899.47	18,717.68	2,276,030.32
105	2,276,030.32	3,793.38	14,924.30	18,717.68	2,261,106.02
106	2,261,106.02	3,768.51	14,949.17	18,717.68	2,246,156.84
107	2,246,156.84	3,743.59	14,974.09	18,717.68	2,231,182.76
108	2,231,182.76	3,718.64	14,999.05	18,717.68	2,216,183.71
109	2,216,183.71	3,693.64	15,024.04	18,717.68	2,201,159.67
110	2,201,159.67	3,668.60	15,049.08	18,717.68	2,186,110.58
111	2,186,110.58	3,643.52	15,074.17	18,717.68	2,171,036.42
112	2,171,036.42	3,618.39	15,099.29	18,717.68	2,155,937.13
113	2,155,937.13	3,593.23	15,124.45	18,717.68	2,140,812.67
114	2,140,812.67	3,568.02	15,149.66	18,717.68	2,125,663.01
115	2,125,663.01	3,542.77	15,174.91	18,717.68	2,110,488.10
116	2,110,488.10	3,517.48	15,200.20	18,717.68	2,095,287.90
117	2,095,287.90	3,492.15	15,225.54	18,717.68	2,080,062.36
118	2,080,062.36	3,466.77	15,250.91	18,717.68	2,064,811.45
119	2,064,811.45	3,441.35	15,276.33	18,717.68	2,049,535.11
120	2,049,535.11	3,415.89	15,301.79	18,717.68	2,034,233.32
121	2,034,233.32	3,390.39	15,327.29	18,717.68	2,018,906.03
122	2,018,906.03	3,364.84	15,352.84	18,717.68	2,003,553.19
123	2,003,553.19	3,339.26	15,378.43	18,717.68	1,988,174.76
124	1,988,174.76	3,313.62	15,404.06	18,717.68	1,972,770.70
125	1,972,770.70	3,287.95	15,429.73	18,717.68	1,957,340.97
126	1,957,340.97	3,262.23	15,455.45	18,717.68	1,941,885.52
127	1,941,885.52	3,236.48	15,481.21	18,717.68	1,926,404.31
128	1,926,404.31	3,210.67	15,507.01	18,717.68	1,910,897.30
129	1,910,897.30	3,184.83	15,532.85	18,717.68	1,895,364.45
130	1,895,364.45	3,158.94	15,558.74	18,717.68	1,879,805.71
131	1,879,805.71	3,133.01	15,584.67	18,717.68	1,864,221.03
132	1,864,221.03	3,107.04	15,610.65	18,717.68	1,848,610.38
133	1,848,610.38	3,081.02	15,636.67	18,717.68	1,832,973.72
134	1,832,973.72	3,054.96	15,662.73	18,717.68	1,817,310.99
135	1,817,310.99	3,028.85	15,688.83	18,717.68	1,801,622.16
136	1,801,622.16	3,002.70	15,714.98	18,717.68	1,785,907.18
137	1,785,907.18	2,976.51	15,741.17	18,717.68	1,770,166.01
138	1,770,166.01	2,950.28	15,767.41	18,717.68	1,754,398.60
139	1,754,398.60	2,924.00	15,793.69	18,717.68	1,738,604.92
140	1,738,604.92	2,897.67	15,820.01	18,717.68	1,722,784.91
141	1,722,784.91	2,871.31	15,846.38	18,717.68	1,706,938.53
142	1,706,938.53	2,844.90	15,872.79	18,717.68	1,691,065.75
143	1,691,065.75	2,818.44	15,899.24	18,717.68	1,675,166.51
144	1,675,166.51	2,791.94	15,925.74	18,717.68	1,659,240.77
145	1,659,240.77	2,765.40	15,952.28	18,717.68	1,643,288.48
146	1,643,288.48	2,738.81	15,978.87	18,717.68	1,627,309.61
147	1,627,309.61	2,712.18	16,005.50	18,717.68	1,611,304.11
148	1,611,304.11	2,685.51	16,032.18	18,717.68	1,595,271.94
149	1,595,271.94	2,658.79	16,058.90	18,717.68	1,579,213.04
150	1,579,213.04	2,632.02	16,085.66	18,717.68	1,563,127.38
151	1,563,127.38	2,605.21	16,112.47	18,717.68	1,547,014.91
152	1,547,014.91	2,578.36	16,139.33	18,717.68	1,530,875.58
153	1,530,875.58	2,551.46	16,166.22	18,717.68	1,514,709.36

154	1,514,709.36	2,524.52	16,193.17	18,717.68	1,498,516.19
155	1,498,516.19	2,497.53	16,220.16	18,717.68	1,482,296.03
156	1,482,296.03	2,470.49	16,247.19	18,717.68	1,466,048.84
157	1,466,048.84	2,443.41	16,274.27	18,717.68	1,449,774.58
158	1,449,774.58	2,416.29	16,301.39	18,717.68	1,433,473.18
159	1,433,473.18	2,389.12	16,328.56	18,717.68	1,417,144.62
160	1,417,144.62	2,361.91	16,355.78	18,717.68	1,400,788.85
161	1,400,788.85	2,334.65	16,383.04	18,717.68	1,384,405.81
162	1,384,405.81	2,307.34	16,410.34	18,717.68	1,367,995.47
163	1,367,995.47	2,279.99	16,437.69	18,717.68	1,351,557.78
164	1,351,557.78	2,252.60	16,465.09	18,717.68	1,335,092.69
165	1,335,092.69	2,225.15	16,492.53	18,717.68	1,318,600.16
166	1,318,600.16	2,197.67	16,520.02	18,717.68	1,302,080.15
167	1,302,080.15	2,170.13	16,547.55	18,717.68	1,285,532.60
168	1,285,532.60	2,142.55	16,575.13	18,717.68	1,268,957.47
169	1,268,957.47	2,114.93	16,602.75	18,717.68	1,252,354.71
170	1,252,354.71	2,087.26	16,630.43	18,717.68	1,235,724.29
171	1,235,724.29	2,059.54	16,658.14	18,717.68	1,219,066.15
172	1,219,066.15	2,031.78	16,685.91	18,717.68	1,202,380.24
173	1,202,380.24	2,003.97	16,713.72	18,717.68	1,185,666.52
174	1,185,666.52	1,976.11	16,741.57	18,717.68	1,168,924.95
175	1,168,924.95	1,948.21	16,769.48	18,717.68	1,152,155.48
176	1,152,155.48	1,920.26	16,797.42	18,717.68	1,135,358.05
177	1,135,358.05	1,892.26	16,825.42	18,717.68	1,118,532.63
178	1,118,532.63	1,864.22	16,853.46	18,717.68	1,101,679.17
179	1,101,679.17	1,836.13	16,881.55	18,717.68	1,084,797.62
180	1,084,797.62	1,808.00	16,909.69	18,717.68	1,067,887.93
181	1,067,887.93	1,779.81	16,937.87	18,717.68	1,050,950.06
182	1,050,950.06	1,751.58	16,966.10	18,717.68	1,033,983.96
183	1,033,983.96	1,723.31	16,994.38	18,717.68	1,016,989.58
184	1,016,989.58	1,694.98	17,022.70	18,717.68	999,966.88
185	999,966.88	1,666.61	17,051.07	18,717.68	982,915.81
186	982,915.81	1,638.19	17,079.49	18,717.68	965,836.32
187	965,836.32	1,609.73	17,107.96	18,717.68	948,728.36
188	948,728.36	1,581.21	17,136.47	18,717.68	931,591.89
189	931,591.89	1,552.65	17,165.03	18,717.68	914,426.86
190	914,426.86	1,524.04	17,193.64	18,717.68	897,233.23
191	897,233.23	1,495.39	17,222.29	18,717.68	880,010.93
192	880,010.93	1,466.68	17,251.00	18,717.68	862,759.93
193	862,759.93	1,437.93	17,279.75	18,717.68	845,480.18
194	845,480.18	1,409.13	17,308.55	18,717.68	828,171.63
195	828,171.63	1,380.29	17,337.40	18,717.68	810,834.23
196	810,834.23	1,351.39	17,366.29	18,717.68	793,467.94
197	793,467.94	1,322.45	17,395.24	18,717.68	776,072.70
198	776,072.70	1,293.45	17,424.23	18,717.68	758,648.48
199	758,648.48	1,264.41	17,453.27	18,717.68	741,195.21
200	741,195.21	1,235.33	17,482.36	18,717.68	723,712.85
201	723,712.85	1,206.19	17,511.50	18,717.68	706,201.35
202	706,201.35	1,177.00	17,540.68	18,717.68	688,660.67
203	688,660.67	1,147.77	17,569.92	18,717.68	671,090.76
204	671,090.76	1,118.48	17,599.20	18,717.68	653,491.56
205	653,491.56	1,089.15	17,628.53	18,717.68	635,863.03
206	635,863.03	1,059.77	17,657.91	18,717.68	618,205.12
207	618,205.12	1,030.34	17,687.34	18,717.68	600,517.77
208	600,517.77	1,000.86	17,716.82	18,717.68	582,800.95

209	582,800.95	971.33	17,746.35	18,717.68	565,054.60
210	565,054.60	941.76	17,775.93	18,717.68	547,278.68
211	547,278.68	912.13	17,805.55	18,717.68	529,473.13
212	529,473.13	882.46	17,835.23	18,717.68	511,637.90
213	511,637.90	852.73	17,864.95	18,717.68	493,772.95
214	493,772.95	822.95	17,894.73	18,717.68	475,878.22
215	475,878.22	793.13	17,924.55	18,717.68	457,953.66
216	457,953.66	763.26	17,954.43	18,717.68	439,999.24
217	439,999.24	733.33	17,984.35	18,717.68	422,014.89
218	422,014.89	703.36	18,014.33	18,717.68	404,000.56
219	404,000.56	673.33	18,044.35	18,717.68	385,956.21
220	385,956.21	643.26	18,074.42	18,717.68	367,881.79
221	367,881.79	613.14	18,104.55	18,717.68	349,777.24
222	349,777.24	582.96	18,134.72	18,717.68	331,642.52
223	331,642.52	552.74	18,164.95	18,717.68	313,477.57
224	313,477.57	522.46	18,195.22	18,717.68	295,282.35
225	295,282.35	492.14	18,225.55	18,717.68	277,056.81
226	277,056.81	461.76	18,255.92	18,717.68	258,800.88
227	258,800.88	431.33	18,286.35	18,717.68	240,514.54
228	240,514.54	400.86	18,316.83	18,717.68	222,197.71
229	222,197.71	370.33	18,347.35	18,717.68	203,850.36
230	203,850.36	339.75	18,377.93	18,717.68	185,472.42
231	185,472.42	309.12	18,408.56	18,717.68	167,063.86
232	167,063.86	278.44	18,439.24	18,717.68	148,624.62
233	148,624.62	247.71	18,469.98	18,717.68	130,154.64
234	130,154.64	216.92	18,500.76	18,717.68	111,653.88
235	111,653.88	186.09	18,531.59	18,717.68	93,122.29
236	93,122.29	155.20	18,562.48	18,717.68	74,559.81
237	74,559.81	124.27	18,593.42	18,717.68	55,966.39
238	55,966.39	93.28	18,624.41	18,717.68	37,341.99
239	37,341.99	62.24	18,655.45	18,717.68	18,686.54
240	18,686.54	31.14	18,686.54	18,717.68	0.00